



DEPARTMENT OF GAME AND INLAND FISHERIES

REPORT ON AUDIT FOR THE PERIOD JANUARY 1, 2013 THROUGH JUNE 30, 2014

Auditor of Public Accounts
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AUDIT SUMMARY

Our audit of the Department of Game and Inland Fisheries (DGIF) for the period January 1, 2013, through June 30, 2014, found:

- proper recording and reporting of all transactions, in all material respects, in the Commonwealth Accounting and Reporting System;
- matters involving internal control and its operation necessary to bring to management's attention;
- instances of noncompliance with applicable laws and regulations or other matters that are required to be reported; and
- certain items that were previously reported, for which DGIF has not implemented adequate corrective action.

DGIF has made significant progress in their corrective actions to fix the issues reported in the prior year surrounding the reconciling, recording, and transferring of revenues. However, in the current audit, we found additional issues surrounding revenue and other issues in the areas of fixed assets, physical security, database security, systems access, and retirement reconciliations. In addition, DGIF needs to create and document policies and procedures over all business areas, such as CARS reconciliations, fixed assets, payroll, revenue, and records retention.

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AUDIT FINDINGS AND RECOMMENDATIONS

Properly Make Prior Year Adjustments and Record Year-End Revenue

DGIF is correcting and writing off revenue from the prior year against current year revenue instead of against fund balance, causing negative revenue source balances at year-end. The agency collects watercraft sales taxes, saltwater fishing license fees, and state forest hunting license fees to be transferred the following month to the Department of Taxation (Taxation), Virginia Marine Resource Commission (Marine Resource Commission), and the Department of Forestry (Forestry), respectively. The Code of Virginia mandates the transfer of watercraft sales taxes, and DGIF has formal agreements with Marine Resource Commission and Forestry establishing how and when those transfers will occur.

During the prior audit, we found that DGIF was not transferring these revenues accurately or timely resulting in over- or underpayments. In fiscal year 2014, DGIF identified additional errors in revenue amounts that they had transferred to Taxation, Marine Resource Commission, and Forestry in prior years that needed correction. In addition, in fiscal year 2014, DGIF decided to write off bad checks from prior years (pre-fiscal year 2014). Basic accounting practice is to correct prior period errors against fund balance. DGIF's corrections and write-offs incorrectly hit current year revenue instead of fund balance to which the revenue balances are closed at year-end. No changes can be made for prior year revenues, only adjustments to fund balance. The fiscal year 2014 year-end balances were:

Revenues	Prior Year earned revenue	Bad check write off	Total
Watercraft Sales Tax	\$ (249,343)	\$ (3,549)	\$ (252,892)
Saltwater Fishing Licenses	(554,613)	(102)	(554,715)
State Forest Hunting Licenses	<u>(11,883)</u>	<u>-</u>	<u>(11,883)</u>
	<u>\$ (815,839)</u>	<u>\$ (3,651)</u>	<u>\$ (819,490)</u>

In addition, DGIF's internal license system, Boat Registration and Titling System (BRTS), is not able to automatically code license sales to the appropriate revenue source for various reasons. These sales are recorded in the agency clearing accounts, sources 02100 and 02190. Due to incorrect amounts submitted or unverifiable personal information, some sales are "pending" until the correct amount is determined or personal information can be verified. These amounts may be pending for various amounts of time, which may cross into the next fiscal year. In fiscal year 2014, prior year pending amounts and prior year bad check write offs created negative balances in the agency clearing accounts, Sources 02100 and 02190. In addition, DGIF should write-off prior year bad checks against fund balance instead of current revenue. The balances at year-end resulting from bad checks and pending amounts were:

Revenue Source	Ending Balance
02100 - Licenses and Permits	\$ (111,457)
02190 - Hunting, Trapping, Angling Licenses	<u>(12,191)</u>
	<u>\$ (123,648)</u>

In total for fiscal year 2014, five revenue sources ended the fiscal year with negative balances totaling \$943,138.

The Department of Accounts (Accounts) worked with DGIF after its last audit and developed a solution for DGIF to account for revenues remaining at year-end. Accounts and DGIF agreed that DGIF would timely and accurately move funds out of these accounts. However, for anything remaining at year-end, DGIF would move the remaining revenues to a suspense account. Then at the beginning of the next fiscal year, DGIF would move the revenues out of the suspense account back into the revenue account.

DGIF disregarded the agreement with Accounts, and instead of moving the remaining revenues to a suspense account, they moved them to a deferred revenue account. This is inappropriate because the majority of those revenues have already been earned through the sale of licenses or payment of taxes.

	Taxation	Marine Resource Commission	Forestry	Revenues Pending Distribution
Revenue Deposits	\$ 218,561	\$ 476,477	\$ 4,170	\$ -
Revenue Distributed from Holding Source	58,522	27,615	45	-
Revenues Pending Distributions	<u>-</u>	<u>-</u>	<u>-</u>	<u>87,460</u>
Total Recorded as Deferred Revenue	<u>\$ 277,083</u>	<u>\$ 504,092</u>	<u>\$ 4,215</u>	<u>\$ 87,460</u>

While DGIF has improved its accuracy of making transfers to Taxation, Marine Resource Commission, and Forestry in fiscal year 2014, and also in creating reconciliations to track pended amounts in agency clearing accounts, DGIF should correct and write off prior year amounts against the prior year fund balance instead of current year revenues. DGIF should contact Accounts to gain a better understanding of what procedure to use to accomplish this. DGIF should use a suspense account rather than deferred revenue in the future to hold revenues at year-end.

Create Policies and Procedures for Multiple Areas in the Agency

DGIF lacks clearly documented and approved policies and procedures for multiple business areas in the agency. These business areas include, but are not limited to, Commonwealth Accounting

and Report System (CARS) reconciliation, fixed assets, payroll, and revenue. The Commonwealth Accounting Policies and Procedures (CAPP) Manual states that the CAPP Manual procedures alone should never eliminate the need and requirement for each agency to publish its own internal policies and procedures documents, approved in writing by agency management.

DGIF has not allocated or prioritized the appropriate resources to ensure that such internal policies and procedures are present for multiple business areas at DGIF. The lack of complete and up-to-date internal policies and procedures reflects inadequate internal controls. In addition, the lack of clearly documented policies and procedures may result in employees completing required tasks incorrectly or ineffectively and different employees may choose to complete tasks differently, thus leading to inconsistency in work performed at the agency.

DGIF should allocate and prioritize appropriate resources to ensure the creation of policies and procedures in all business areas. The policies and procedures should be properly documented, approved by the Executive Director, and communicated to employees. In addition, management should periodically review the policies and procedures to determine whether they need to be updated as a result of changes in agency systems or other processes.

Improve Controls for Fixed Asset Management

DGIF did not properly record, reconcile, and report fixed assets. DGIF recorded a transceiver at a value \$25,000 great than the actual cost, which resulted in the asset being classified as capital and overstating assets by \$25,000. DGIF tagged but did not record 20 breathalyzers. The breathalyzers were low dollar assets that needed to be tracked for control purposes. By not recording them, management could not track or manage the assets, which increases the risk of loss or theft. DGIF is also not reconciling its internal asset system (AIMS) with the Commonwealth's Fixed Asset Accounting and Control System (FAACS) and CARS quarterly. Finally, DGIF did not accurately prepare the Fixed Asset Supplemental Information in relation to construction in progress for use in the Commonwealth's Comprehensive Annual Financial Report (CAFR.) The information did not contain construction in progress activity for the entire fiscal year; rather it only contained information for the fourth quarter of the fiscal year.

The CAPP Manual requires Summary FAACS Users to maintain detailed records in their agency-based system and reconcile all activities quarterly with FAACS and CARS. The CAPP Manual and generally accepted accounting principles requires that assets be recorded at historical cost. The CAPP Manual requires recording of assets with a useful life greater than one year and a cost greater than \$5,000. DGIF policies also require recording assets between \$500 and \$5,000, in addition to assets that may be below \$500 but need recording for control purposes. The Department of Accounts requires DGIF to submit fixed asset financial reporting information for inclusion in the CAFR since they use their own internal asset system.

DGIF does not have adequate, documented policies and procedures over fixed assets. In addition, the Fixed Asset Coordinator position was vacant for 16 months prior to April 2014. Without adequate policies and procedures, the new Fixed Asset Coordinator did not have adequate guidance

or training over performing reconciliations or completing the fixed asset submission for the CAFR. With the Fixed Asset Coordinator position being vacant for 16 months, field employees did not have adequate oversight or guidance in performing their duties.

DGIF should develop and implement policies and procedures over all fixed asset areas, including but not limited to recording, reconciling, and reporting fixed assets. The Fixed Asset Coordinator needs a thorough understanding of the requirements surrounding fixed assets, specifically for construction in progress, to help ensure that she properly performs reconciliations and submits accurate information to Accounts for inclusion in the CAFR.

Perform a Physical Inventory At Least Every Two Years

DGIF personnel have not performed a complete physical inventory of capital assets, specifically equipment valued at over \$28 million, since 2011. DGIF's internal Asset Management Control Policies and Procedures state that a physical inventory of fixed assets is required at least once every year. Also, CAPP Manual, Section 30505 requires agencies to conduct a physical inventory of capital assets at least once every two years. Lack of compliance with this policy can result in a misstatement of assets actually held by the agency and increase the risk of undetected lost or stolen assets.

While the Law Enforcement Division completed its inventories in March and April of 2014, the other divisions and the headquarters office have not completed a physical inventory since 2011. The position of Fixed Asset Coordinator is responsible for physical inventory at the agency, with assistance from on-site staff. Until recently, DGIF did not have a dedicated Fixed Asset Coordinator to initiate a timely inventory. The position was vacant for 16 months until a new coordinator was hired in April 2014. During this time, management did not ensure that the critical Fixed Asset Coordinator responsibilities, such as initiating inventory counts, occurred. Also, except for the policy to perform a physical inventory every year, DGIF does not have a documented inventory procedure or inventory schedule for divisions to follow. A documented procedure for performing physical inventory may have given guidance to staff to conduct the inventory in the absence of a coordinator. Although DGIF has hired a Fixed Asset Coordinator, the employee is still in training and gaining an understanding of the agency's operations.

Even though the agency has hired a Fixed Asset Coordinator, DGIF should also create an appropriate schedule for conducting a physical inventory for all of the agency's divisions and locations, as well as creating documented procedures for performing the inventory. In addition, management should ensure that when positions are vacant, they identify critical activities for that position and take action to ensure that those critical activities still occur.

Improve Database Security (Repeat Finding)

DGIF continues to operate its databases that store confidential citizen information, such as social security numbers and drivers' license numbers, without implementing the minimum controls

in accordance with internal policy, the Commonwealth's Information Security Standard, and industry best practices.

We communicated six areas of weakness during the fiscal year 2012 audit in detail to management in a separate document marked Freedom of Information Act Exempt under Section 2.2-3705.2 of the Code of Virginia, due to their sensitivity and description of security controls. Although these weaknesses are still not resolved, we recognize that DGIF has made reasonable progress in resolving these weaknesses in accordance with their corrective action plan.

DGIF should continue to implement the controls discussed in our recommendation in accordance with their corrective action plan and the current Commonwealth's Information Security Standards and industry best practices, such as those published by the Center for Internet Security.

Improve Internal Controls over System Access (Repeat Finding)

DGIF did not adequately complete acceptable use agreements and network access forms when approving access to eVA (procurement system) and AIMS (Accounting Information Management system.) Without completing this documentation, employees may not fully understand their access limits and their responsibilities when using the systems. This increases the risk that they may use their access inappropriately or ineffectively. DGIF also has less recourse to take corrective action when employees use the systems improperly and have not signed the completed documentation.

The Department of General Services' eVA Security Policy requires that an Acceptable Use Agreement be completed before access is given to a user. The Commonwealth Information Security Standard SEC 501 AC-2-COV also requires a documented request from the user to establish an account on any internal IT system.

We identified this same issue in the prior audit. DGIF has made some progress in implementing its corrective action, but it was not complete at the time of the audit. DGIF implemented a process for periodically reviewing system access, but has not implemented improved procedures over granting and terminating access and has not revised its policies and procedures to reflect any new processes or procedures. DGIF has contracted with an outside vendor to develop information security policies and procedures, including controls over system access.

As a result, we still found one eVA user granted access in March 2014 that did not have an acceptable use form signed before receiving access. In addition, seventeen of 21 AIMS users tested still lacked a network access form for at least one AIMS application for which they had access.

DGIF should continue its process to periodically review system access. In addition, DGIF should implement the policies and procedures developed by the contractor to ensure proper controls exist over the granting, management, and termination of system access across all information systems used by DGIF.

Conduct Thorough Review of Contribution Snapshot Prior to Certification

DGIF does not adequately review the Contribution Snapshot generated by VRS' MyVRSNavigator (VNAV) system to ensure that the creditable compensation in PMIS (Personnel Management Information System) agrees to the creditable compensation amount in VNAV. The Snapshot processor lacks understanding as to what extent to review the Snapshot and, therefore, only reviews the Cancelled Record Report and only glances at other information present on the Snapshot.

According to Payroll Bulletin 2014_05, agencies should reconcile the creditable compensation in PMIS to the creditable compensation amount in VNAV each month before they confirm the Snapshot in VNAV. As stated in Payroll Bulletin 2013_02, careful review of the monthly Contributions Snapshot is critical to the accuracy of the automated reconciliation. The VRS actuary uses the information in VNAV to calculate the Commonwealth's pension liabilities and inaccurate data could lead to a misstatement in the Commonwealth's financial statements.

Improper review of the Contribution Snapshot may result in the agency's improper payment of employee contributions to the Virginia Retirement System. DGIF should therefore establish procedures to ensure that the Contribution Snapshot processor thoroughly understands the extent to review the Snapshot, appropriately reconciles the creditable compensation in PMIS to VNAV prior to its certification, and maintains thorough documentation of the review process.

Establish an Internal Records Retention Policy

DGIF does not have an internal document retention policy describing how DGIF will apply the Library of Virginia retention schedules to its documents. As a result, various organizational units within DGIF are not properly following retention requirements over purchasing and accounting documents.

- The Capital Program Division disposes of unsuccessful bid proposals four weeks after contract award in order to prevent buildup of large amounts of documentation.
- An individual in the Planning and Finance Division automatically deletes sent emails without determining whether they contain administrative or fiscal records that must be retained.

Code of Virginia Section 42.7-11 defines "public records" as "recorded information that documents a transaction or activity by or with any public officer, agency, or employee of an agency. Regardless of physical form or characteristic, the recorded information is a public record if it is produced, collected, received, or retained in pursuance of law or in connection with the transaction of public business. The medium upon which such information is recorded has no bearing on the determination of whether the recording is a public record." In addition, agencies should classify records as either administrative, fiscal, historical, or legal, which then drive the determination of how

long to retain the record. Specifically, Library of Virginia Retention Schedule GS-102 states that agencies must retain purchasing records including but not limited to bids, bid proposals, contracts, agreements, purchase orders, and requisitions for five years after the end of the state fiscal year.

Without an internal policy that addresses retention requirements based on record classification or the format in which correspondence occurs, such as paper or email, DGIF employees have no guidance on how to comply with state requirements. Improper retention of documentation does not allow for proper transparency of DGIF's financial and procurement procedures and prevents auditors from conducting required testwork.

DGIF should establish and implement an internal document retention policy describing how DGIF will apply the Library of Virginia retention schedules and how the policy relates to records in various formats.

AGENCY HIGHLIGHTS

The Department of Game and Inland Fisheries (DGIF) manages Virginia's wildlife and inland fish to maintain optimum populations of all species; provides opportunity for all to enjoy wildlife, inland fish, boating, and other outdoor recreations; promotes safety for persons and property in connection with boating, hunting, and fishing; and provides educational outreach programs and materials to foster an awareness of and appreciation for Virginia's fish and wildlife resources, their habitats, and hunting, fishing, and boating opportunities. DGIF also enforces laws for the protection, propagation, and preservation of wildlife and fish; assists in enforcing all forestry and boating laws; and seeks to optimize game and fish populations.

DGIF receives funding from several sources to pay for their programs, including the sale of hunting and fishing licenses, boat registrations, federal grants and contracts, watercraft sales and use taxes, and voluntary taxpayer contributions to non-game wildlife as designated from their state income tax refund. In addition, DGIF indirectly receives General Fund revenue collections from a portion of the sales and use taxes derived from the sales of hunting and fishing products, up to \$10.6 million for fiscal year 2013 and \$13.0 million for fiscal year 2014. DGIF received the maximum amount from these sources in both fiscal years 2013 and 2014.

DGIF also indirectly receives General Fund revenue collections from sales and use taxes on new watercraft sales; the Appropriations Act limited DGIF's share of these taxes to \$3.7 million in fiscal year 2013 and \$5.7 million in fiscal year 2014. These sales and use taxes provided DGIF with \$3.7 million in fiscal year 2013 and \$4.1 million in fiscal year 2014. Quarterly, the Comptroller transfers the appropriate amount of collections from these taxes to the Game Protection Fund, which the Commonwealth classifies as a Dedicated Special Revenue Fund. The Game and Inland Fisheries Board (Board) manages the Game Protection Fund and uses it to pay salaries, allowances, wages, and expenses incidental to carrying out hunting, trapping, and inland fish laws.

The table below provides a breakdown of DGIF's revenue and transfers from the General Fund for fiscal years 2013 and 2014.

Revenues and General Fund Transfers by Fiscal Year

	2013	2014
Hunting and Fishing Licenses	\$ 26,217,044	\$ 25,956,507
Net Transfers to the Game Protection Fund from the General Fund	14,335,320	17,170,648
Federal Grants and Contracts	17,172,348	15,257,840
Boat Licenses and Watercraft Titling Fees	2,820,230	2,969,707
Other, including interest, timber sales, publication sales, and donations	<u>2,674,940</u>	<u>2,274,142</u>
Total Revenues and Transfers	<u>\$ 63,219,882</u>	<u>\$ 63,628,844</u>

Source: Commonwealth Accounting and Reporting System

The table below shows the original and final budget and actual expenses for DGIF by program for fiscal years 2013 and 2014. The majority of the budgets and expenses are relatively consistent between years. However, the budget for Administrative and Support Services was higher in fiscal year 2014 due to appropriations for \$1.7 million to fund planning and soft costs related to construction of a new headquarters. Since then, DGIF has explored alternatives to constructing a new headquarters, and instead plans to lease an already existing building. The Capital Outlay budget includes funding for the relocation of DGIF's headquarters, new wildlife management area acquisitions and enhancements, dam repair and replacement, and boating access. Capital projects can span multiple fiscal years. As such, agencies do not spend capital appropriations completely in one fiscal year, and the appropriation remains available until completion of the project(s).

Analysis of Budgeted Funding and Actual Expenses

	Fiscal Year 2013			Fiscal Year 2014		
	Original Budget	Final Budget	Actual Expenses	Original Budget	Final Budget	Actual Expenses
Wildlife and Freshwater Fisheries Management	\$40,793,439	\$45,111,753	\$41,053,512	40,793,439	44,461,580	43,179,317
Administrative and Support Services	6,278,472	6,722,932	5,966,296	7,982,630	8,205,904	7,545,124
Boating Safety and Regulation	8,466,811	8,683,733	7,975,333	8,466,811	8,086,593	7,064,302
Capital Outlay	<u>5,500,000</u>	<u>22,925,859</u>	<u>6,535,240</u>	<u>14,225,000</u>	<u>30,575,647</u>	<u>2,627,953</u>
Total Budget and Expenses	<u>\$61,038,722</u>	<u>\$83,444,277</u>	<u>\$61,530,381</u>	<u>\$71,467,880</u>	<u>\$91,329,724</u>	<u>\$60,416,696</u>

Source: Commonwealth Accounting and Reporting System

DGIF collects saltwater fishing license revenue for the Virginia Marine Resources Commission (Marine Resources), state forest hunting license revenues for the Department of Forestry, and boat trailer registration fees for the Department of Motor Vehicles (Motor Vehicles). In addition, DGIF collects watercraft sales tax revenue for the Department of Taxation. DGIF transfers revenues collected on behalf of Marine Resources, Forestry, and Taxation to the applicable agencies in the month following collection. DGIF transfers revenues collected on behalf of Motor Vehicles daily. The table below shows the amounts collected and transferred during fiscal years 2013 and 2014. The differences in collections and transfers demonstrate DGIF's work to resolve issues raised in their last audit report where they were not transferring revenues accurately or timely. Instances where transfers are higher than collections are attributed to DGIF correcting errors made in previous years

and transferring revenues owed to the respective agency. DGIF has made definitive improvements in this area.

Revenues Collected and Transferred On Behalf/To Other Agencies

	Fiscal Year 2013		Fiscal Year 2014	
	Amount Collected on Behalf of Agency	Amount Transferred to Agency	Amount Collected on Behalf of Agency	Amount Transferred to Agency
VMRC	\$ 2,528,735	\$ (2,848,200)	\$ 2,028,463	\$ (2,583,076)
Taxation	1,782,123	(3,394,786)	1,727,225	(1,976,567)
Forestry	114,840	(114,105)	113,535	(125,418)
DMV	123,148	(123,575)	169,830	(170,420)

Source: Commonwealth Accounting and Reporting System



Martha S. Mavredes, CPA
Auditor of Public Accounts

Commonwealth of Virginia

Auditor of Public Accounts

P.O. Box 1295
Richmond, Virginia 23218

November 14, 2014

The Honorable Terence R. McAuliffe
Governor of Virginia

The Honorable John C. Watkins
Chairman, Joint Legislative Audit
and Review Commission

We have audited the financial records and operations of the **Department of Game and Inland Fisheries** for the period January 1, 2013, through June 30, 2014. We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Audit Objectives

Our audit's primary objectives were to evaluate the accuracy of recorded financial transactions in the Commonwealth Accounting and Reporting System, review the adequacy of the DGIF's internal controls, test compliance with applicable laws, regulations, contracts, and grant agreements, and review corrective actions of audit findings from prior year reports.

Audit Scope and Methodology

DGIF's management has responsibility for establishing and maintaining internal control and complying with applicable laws and regulations. Internal control is a process designed to provide reasonable, but not absolute, assurance regarding the reliability of financial reporting, effectiveness and efficiency of operations, and compliance with applicable laws, regulations, contracts, and grant agreements.

We gained an understanding of the overall internal controls, both automated and manual, sufficient to plan the audit. We considered significance and risk in determining the nature and extent of our audit procedures. Our review encompassed controls over the following significant cycles, classes of transactions, and account balances.

Payroll
Expenses
Revenues

Capital Assets
Systems Access
Information System Security

We performed audit tests to determine whether DGIF's controls were adequate, had been placed in operation, and were being followed. Our audit also included tests of compliance with provisions of applicable laws, regulations, contracts, and grant agreements. Our audit procedures included inquiries of appropriate personnel, inspection of documents, records, and contracts, and observation of DGIF's operations. We tested transactions and performed analytical procedures, including budgetary and trend analyses.

Conclusions

We found that the DGIF properly stated, in all material respects, the amounts recorded and reported in the Commonwealth Accounting and Reporting System. DGIF records its financial transactions on the cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The financial information presented in this report came directly from the Commonwealth Accounting and Reporting System.

We noted certain matters involving internal control and its operation and compliance with applicable laws, regulations, contracts and grant agreements that require management's attention and corrective action. These matters are described in the section entitled "Audit Findings and Recommendations."

DGIF has not taken adequate corrective action with respect to the previously reported findings. "Improve Database Security" and "Improve Internal Controls over System Access." Accordingly, we included these findings in the section entitled "Audit Findings and Recommendations." DGIF has taken adequate corrective action with respect to audit findings reported in the prior year that are not repeated in this letter.

Exit Conference and Report Distribution

We discussed this report with management on December 4, 2014. Management's response to the findings identified in our audit is included in the section titled "Agency Response." We did not audit management's response and, accordingly, we express no opinion on it.

This report is intended for the information and use of the Governor and General Assembly, management, and the citizens of the Commonwealth of Virginia and is a public record.

AUDITOR OF PUBLIC ACCOUNTS

DBC/clj



Molly J. Ward
Secretary of Natural Resources

COMMONWEALTH of VIRGINIA
Department of Game and Inland Fisheries

Robert W. Duncan
Executive Director

December 15, 2014

Martha Mavredes
The Auditor of Public Accounts
P. O. Box 1295
Richmond, VA 23218

Dear Ms. Mavredes:

Thank you for affording us the opportunity to review the findings and recommendations made during the Auditor of Public Accounts (APA) audit of our financial transactions for the eighteen month period (January 1, 2013 – June 30, 2014). As has been noted in the report, this audit period served as a continuation of the previous eighteen month period that focused on July 1, 2011 to December 31, 2012, and produced previous APA recommendations and a department corrective action work plan. This context is important to help explain how many of the recommendations raised in this recent audit will be addressed directly, or will benefit indirectly, from corrective actions already in progress. Based on this, I believe that this audit, occurring at this time, will greatly support our forward progress already made and help make our policy, procedural and organizational improvements sustainable.

The Department of Game and Inland Fisheries (DGIF) agrees with the observations and concurs with the recommendations that have been made by APA in this report. We especially agree that DGIF has made significant progress in their corrective actions to fix the issues reported in the prior year surrounding the reconciling, recording, and transferring of revenues. We also appreciate that our progress in other areas, even with new issues identified, has been recognized.

In response to new recommendations, DGIF has already drafted new internal policies and procedures; increased staff training; and implemented a new schedule to complete the required fixed asset inventories by the end of this fiscal year. Further, while not fully in place during the audit review period, DGIF believes that we are now in compliance with VITA's Information/Database Security and System Access requirements, after updating our operating system, migrating to new servers, adopting new policies, and implementing new system reviews, monitoring, and vulnerability scans for the department. Finally, DGIF has contacted the Department of Accounts to revisit previous recommendations for tracking year end revenues.

Although a lot of work has gone into making such improvements, DGIF acknowledges that work is still needed to establish an ongoing commitment for more rigorous financial operations in our department. We look forward to working with your staff to promptly address these recommendations as part of our Corrective Action Work Plan. I would like to also thank you for the level of support and professionalism your staff showed during the audit, and look forward to this same type of working relationship in the future.

Sincerely,

Robert W. Duncan
Executive Director

RWD/ag

C: Ben Davenport, Chairman, DGIF Board
DeAnn B. Compton, Audit Director, Capital Asset Management, APA

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AGENCY OFFICIALS

Department of Game and Inland Fisheries

BOARD MEMBERS

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Curtis Dixon Colgate, Chairman

Ben Davenport, Vice-Chairman

William T. Bolling
Leon Boyd
Lisa Caruso
Charles Cunningham

Gary L. Gray
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DIRECTOR

Robert W. Duncan